

USA Capital

First Trust Deed Investment

- Borrower:** Eagle Meadows Development, Ltd.
Kent Hoggan has been in the residential development business since 1973. He has been involved in over 50 successful master planned communities while over 2/3rds of his projects have been sold to strong national homebuilders.
- Loan Amount:** \$35,630,000
- Rate:** 12.5% (net) paid monthly
- Loan to Value:** Approximately 50% based upon comparable acreage sold in the immediate area. An appraisal has been ordered.
- Term:** 12 Months
- Collateral:** First Deed of Trust on approximately 479 acres generally known as Fox Hills Phase II. This second phase of the master planned community has just begun the entitlement process. The property sits directly on Interstate 5 as well as State Route 152. These arterials provide access to the metropolitan cities of Fresno, San Jose, & Modesto, California. The property is located in the county of Merced, which is between Fresno and Modesto California.
- The Project:** This project is the second phase of the successful Fox Hills master planned community. This second phase is currently being planned to provide 1,800 homes, which when completed will comprise a mixture of higher density single-family homes, medium density single-family homes, golf course, and some attractive commercial acreage. Additionally, it is expected the project will contain at least one community park and an elementary school.
- Pulte Homes purchased over 85% of the homes in Phase I, which will be the core holding for a new Del Webb community. They have also shown interest in purchasing the bulk of lots in Phase II.

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Use of Proceeds: The proceeds from this loan will be used for restructuring existing debt and to acquire one 40 acre parcel. Additional monies will be used to pay for the costs associated with the entitlement of the property.

Borrower Equity: Borrower currently has over \$4,000,000 in the project.

Exit Strategy: The project is currently being pursued by large real estate syndicates as well as interest from Pulte Homes. Property could be sold "as-is" for a substantial profit. Our borrower believes that profits can be maximized if he waits until completion of the property entitlements. During the escrow period, the Borrower will complete the design and entitlements for the project.

Guarantees: The loan will be personally guaranteed by Kent Hoggan, with a combined net worth of approximately \$195,000,000 as of March 31, 2005.

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